

FINANCE

**Agreement Between the
UNITED STATES OF AMERICA
and GUYANA**

Signed June 18 and 20, 1990

with

Memorandum of Understanding



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966
(80 Stat. 271; 1 U.S.C. 113)—

“ . . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

GUYANA

Finance

*Agreement signed June 18 and 20, 1990;
Entered into force June 20, 1990.
With memorandum of understanding.*

SWAP AGREEMENT AMONG THE UNITED STATES TREASURY,
THE BANK OF GUYANA AND
THE COOPERATIVE REPUBLIC OF GUYANA

I. To provide the Cooperative Republic of Guyana with near-term support for its economic adjustment efforts, (a) the United States Treasury Department (the "Treasury"), (b) the Kreditanstalt fuer Wiederaufbau, and (c) the Bank for International Settlements, acting for certain participating member central banks (collectively the "Cooperating Monetary Institutions"), are prepared to provide a short-term credit facility to the Bank of Guyana (the "Bank") aggregating not more than one hundred and seventy-eight million United States dollars (U.S.\$178,000,000) (the "Multilateral Facility"), the share of the Treasury being not more than thirty-one million, seven hundred and fifty thousand United States dollars (U.S.\$31,750,000).

II. The United States Treasury Exchange Stabilization Fund, with the Federal Reserve Bank of New York (the FRBNY) acting as fiscal agent, hereby agrees to extend to the Bank a drawing facility of an amount up to thirty-one million, seven hundred and fifty thousand United States dollars (U.S.\$31,750,000) on a covered basis in the form of a Guyanese dollars/United States dollars swap. This facility will be available for a single drawing on two business days' notice (New York). The amount of the drawing under this agreement shall be in proportion to the Treasury commitment under the Multilateral Facility, as set forth in paragraph C and Schedule A of the Memorandum of Understanding among the Bank of Guyana and the Cooperating Monetary Institutions of June 18, 1990 (the "Memorandum of Understanding"). The amount drawn under this agreement, together with interest accrued thereon, shall be liquidated not later than September 20, 1990. This agreement is subject to, and incorporates by reference, the terms and conditions set forth in the Memorandum of Understanding.

III. The drawing under this agreement will be used by the Bank in conjunction with its foreign exchange operations to clear arrears with the international financial institutions. The rate of exchange applied to the drawing under this agreement shall be applied to its liquidation. This rate shall be based upon the spot rate as agreed between the Bank and the FRBNY, acting as fiscal agent of the United States Treasury Exchange Stabilization Fund, at the time the drawing is made.

IV. The proceeds of the drawing under this agreement will be employed as follows:

A. Pursuant to paragraph 6(1) of the Memorandum of Understanding, the United States dollars are to be credited to the Administered Contribution Account of the International Monetary Fund (the "IMF") at the FRBNY (the "Contribution Account"), for credit by the IMF to the Administered Contribution Account-Guyana of the Bank with the IMF.

B. The Guyanese dollar counterpart of the drawing by the Bank is to be credited to a special account in the name of "Federal Reserve Bank of New York as Fiscal Agent of the United States, Special Account No. 2" on the books of the Bank in accordance with instructions given to the Bank by authenticated telecommunication. The Guyanese dollars in this account will earn interest at a rate based upon the average equivalent coupon-issue yield at the auction of the latest issue of three month United States Treasury bills preceding the date of the drawing. The average yield, expressed in percent, will be stated in two decimal places, and, if such decimal is not a multiple of .05, it will be adjusted to the next higher multiple of .05 (the "Adjusted Yield"). Interest will be calculated on the actual number of days in the year, i.e., 365 days. Such return shall be converted into United States dollars at the time of repayment of the amount being repaid, calculated at the rate of exchange described in paragraph III above. Such balance may be withdrawn by the United States Treasury on two business days' (Georgetown) notice.

V. The Government of the Cooperative Republic of Guyana hereby unconditionally guarantee the full performance by the Bank of all obligations, duties, and liabilities of the Bank under this agreement.

VI. This agreement is executed in two counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement.

United States Treasury
Exchange Stabilization
Fund

Government of the
Cooperative Republic of
Guyana

By:


Charles H. Dallara
Assistant Secretary
(International Affairs)

By:


Carl B. Greenidge
Minister of Finance

Bank of Guyana

By:


Patrick Matthews
Governor

June 20, 1990

18th June 1990

MEMORANDUM OF UNDERSTANDING

(1) The Facility

(i) This Memorandum of Understanding sets forth the mutual understandings of the Bank of Guyana (the "Central Bank"), the Bank for International Settlements (the "BIS"), acting with the backing of certain member central banks, the United States Department of the Treasury (the "Treasury") and the Kreditanstalt für Wiederaufbau (the "KfW") as to the provision of near-term support for the economic adjustment efforts of the Co-operative Republic of Guyana ("Guyana") in order to enable this country to clear its arrears to International Financial Institutions (the "Facility"). The BIS, the Treasury and the KfW shall hereafter individually be referred to as a "Cooperating Monetary Institution" and collectively as the "Cooperating Monetary Institutions".

(ii) The Cooperating Monetary Institutions are providing the Facility in light of (a) the statement made in a letter dated June [], 1990 from the Managing Director of the International Monetary Fund to the Cooperating Monetary Institutions whereby all bilateral contributions towards clearing the arrears to the International Monetary Fund (the "Fund"), World Bank and Caribbean Development Bank ("the CDB"), totalling approximately US\$ 48 million, are readily available and have been credited to the Administered Account for Guyana at the Fund, for payments to these three institutions; (b) the expected approval by the Executive Board of the International Monetary Fund on or about July 16, 1990 of (x) an Enhanced Structural Adjustment Facility (the "ESAF Arrangement") equivalent to SDR 81.5 million, with a first annual arrangement thereunder in an amount equal to SDR 46.1 million and of (y) a Standby Arrangement (the "Standby Arrangement") in an amount equivalent to SDR 49.5 million (hereafter referred to collectively as the "Fund Arrangements"), that are expected to permit Guyana to make purchases from the Fund for a total amount equivalent

to SDR 76.9 million on or about July 31, 1990; (c) disbursements from the International Development Association (the "IDA") under a Structural Adjustment Credit that is expected to be approved by the Executive Board of the IDA by the end of June 1990 in an aggregate amount equivalent to approximately U.S. \$78 million (the "IDA Credit"), of which the first tranche is expected to be made available on or before August 25, 1990 in an aggregate amount equivalent to approximately U.S. \$50 million, for reimbursement of expenditures incurred during the execution of the programme supported under the IDA Credit; and (d) disbursements from the Caribbean Development Bank under an Economic Recovery Program loan in an aggregate maximum amount of U.S. \$42 million (the "CDB Loan"), of which an aggregate amount of up to U.S. \$30 million is expected to be disbursed not later than September 20, 1990; and (e) the agreement by the Central Bank and the appropriate Guyanese authorities to apply the proceeds of any purchases under the Fund Arrangements, any disbursements from the IDA under the IDA Credit, and any disbursements from the CDB under the CDB Loan, in repayment of this Facility, and in any event to repay the Facility in full not later than September 20, 1990 (the "Maturity Date").

(2) The Separate Agreements

To implement this Memorandum of Understanding each Cooperating Monetary Institution shall enter into a separate agreement with the Central Bank (the "Separate Agreement" and collectively, the "Separate Agreements"). The terms and conditions of each Separate Agreement shall be consistent with the provisions of this Memorandum of Understanding, and shall govern the respective rights and obligations of the parties thereto.

(3) Commitments of the Cooperating Monetary Institutions

The amount of the commitment made by each of the Cooperating Monetary Institutions under their respective Separate Agreements is set out in Schedule A to this Memorandum of Understanding.

(4) Funding of the Drawing on the Facility

(i) The aggregate amount of the Facility shall be U.S. \$178 million, which shall be made available in a single drawing to the Central Bank by the Cooperating Monetary Institutions at the Federal Reserve Bank of New York (the "FRBNY") subject to the terms and conditions of this Memorandum of Understanding.

(ii) To permit the drawing under the Facility requested by the Central Bank pursuant to paragraph (5) to be effected, each of the Cooperating Monetary Institutions shall, one New York business day prior to the requested value date, in an authenticated telecommunication received by and in a form acceptable to the FRBNY, irrevocably authorise and instruct the FRBNY to debit its account on the books of the FRBNY in proportion to the amount set out in Schedule A for each such Cooperating Monetary Institution and, if funds in its account are not sufficient, to liquidate investments the FRBNY holds for it, and to transfer such amount for the benefit of the Central Bank to the account on the FRBNY's books that is identified in paragraph (6)(i). The FRBNY shall effect such transfer only if it has received similar irrevocable authorisations and instructions from each of the Cooperating Monetary Institutions with funds in each of their accounts, or investments held at the FRBNY that may be liquidated, sufficient to cover the respective amount to be transferred.

(5) Amount Available to be Drawn under the Facility

(1) Subject to the conditions precedent set out in paragraph (6) below, the Central Bank may request the drawing on the Facility for a value date not later than June 29, 1990, by giving two New York business days' notice by authenticated telecommunication to the FRBNY and to each of the Cooperating Monetary Institutions in a form acceptable to each of them; provided, however, that the amount of the single drawing that may be requested under the Facility shall be reduced by the aggregate amount of:

(a) any purchases from the Fund, under the Fund Arrangements, made available to Guyana prior to the date of the drawing; and

(b) any disbursements by the IDA under the IDA Credit made available to Guyana prior to the date of the drawing; and

(c) any disbursements by the CDB under the CDB Loan made available to Guyana prior to the date of the drawing.

(ii) In the event that the amount of the drawing on the Facility is reduced under subparagraph (i) above, the amount which the FRBNY may debit to the accounts of each of the Cooperating Monetary Institutions under paragraph (4)(ii) shall be reduced *pari passu* and in due proportion to the reduction in the amount of the drawing.

(6) Crediting of the Drawing and Conditions Precedent

(i) For the drawing made under the Facility pursuant to paragraph (5), and subject to compliance with the conditions precedent specified in subparagraph (ii) of this paragraph, the FRBNY shall debit the accounts of the Cooperating Monetary Institutions, on a *pari passu* basis subject to the receipt of appropriate instructions referred to in paragraph (4)(ii), taking account of any reduction of the amount of the commitments of each Cooperating Monetary Institution set out in Schedule A pursuant to paragraph (5), and the Central Bank hereby irrevocably authorises and instructs the FRBNY to credit the amount of such drawing to the Administered Contribution Account for credit to the Administered Contribution Account - Guyana of the Central Bank with the Fund for the purpose of paying Guyana's arrears to the Fund, the World Bank, and the CDB (the "Arrears"), and the FRBNY shall confirm payment of such Arrears to the Cooperating Monetary Institutions after receiving notice from the Fund.

(ii) The following conditions precedent shall apply to the drawing on the Facility:

(a) The FRBNY shall have received a copy of a letter addressed by the Managing Director of the Fund to the Cooperating Monetary Institutions, in the form set forth in Schedule B, concerning the eligibility of Guyana to make purchases under the Fund Arrangements, for an aggregate amount equivalent to SDR 76.9 million on or about July 31, 1990 and the

disbursement of funds from bilateral sources at the same time as disbursement of the drawing under this Facility to clear the Arrears; and

(b) The FRBNY shall have received a copy of the irrevocable instructions and other communications of the appropriate authorities of Guyana to the Fund, in the form set forth in Schedule C, the proceeds of purchases under the Fund Arrangements or any other purchases from the Fund by Guyana are to be transferred directly by the Fund to the Special Funds Account;

(c) The FRBNY shall have received a copy of a letter from the World Bank to the Cooperating Monetary Institutions, in the form set forth in Schedule D, concerning the eligibility of Guyana to receive disbursements under the IDA Credit, for an aggregate amount equivalent to approximately US\$ 50 million, on or before August 25, 1990; and

(d) The FRBNY shall have received a copy of the irrevocable instructions and other communications of the appropriate authorities of Guyana to the IDA, in the form set forth in Schedule E, as well as a letter from the IDA acknowledging such instructions, in the form set forth in Schedule F, as specified in paragraph 9(iii) below, that Disbursements under the IDA Credit are to be transferred directly by the IDA to the Special Funds Account;

(e) The FRBNY shall have received a copy of a letter addressed by the President of the CDB to the Cooperating Monetary Institutions, in the form set forth in Schedule G, concerning the eligibility of Guyana to receive disbursements under the CDB Loan for an aggregate amount of US\$ 30 million, not later than September 20, 1990; and

(f) The FRBNY shall have received a copy of the irrevocable instructions and other communications of the appropriate authorities of Guyana to the CDB, in the form set forth in Schedule H, as well as a letter from the CDB acknowledging such instructions, in the form set forth in Schedule I, as specified in paragraph 9(iv) below, that the disbursements under the CDB Loan are to be transferred directly by the CDB to the Special Funds Account.

(g) The Central Bank shall have obtained such additional documentation as may be required by any of the Cooperating Monetary Institutions, including the document in the form of Schedule J referred to in paragraph 11(ii) below, and shall have provided copies of such additional documentation to the FRBNY.

(7) Repayment Schedule

(i) The Central Bank shall repay the drawing made under paragraph (5), including accrued and unpaid interest on the amount repaid, as set out below:

(a) On each date on which the proceeds are made available to the appropriate Guyanese authorities of (x) any purchases from the Fund under the Fund Arrangements, or (y) any disbursements from the IDA under the IDA Credit in reimbursement of expenditures incurred during the execution of the program supported under the IDA Credit, or (z) any disbursements from the CDB under the CDB Loan, such proceeds shall be applied immediately in repayment of the Facility in accordance with the procedures set forth in paragraphs (8) and (9) below; and

(b) On the Maturity Date, any remaining outstanding balance.

(ii) The Central Bank shall have the right, at any time, on giving two New York business days' notice by authenticated telecommunication to the FRBNY and to each of the Cooperating Monetary Institutions, to reimburse in advance all or part of the drawing made under the Facility, in accordance with the procedures set forth in paragraphs (8) and (9) hereof and subject to compliance with any requirement under the Separate Agreements for a related interest rate adjustment.

(iii) Prior to any repayment under this paragraph, the Central Bank shall provide the FRBNY, in a form acceptable to the FRBNY, with a schedule of interest payments due on the date of each such repayment to each of the Cooperating Monetary Institutions pursuant to the Separate Agreements.

(8) Repayment Procedures

(i) The Central Bank shall make all repayments of the drawing, plus accrued and unpaid interest, on the Facility through the FRBNY which shall distribute the repayments to the Cooperating Monetary Institutions pari passu in proportion to the amounts committed as set out in Schedule A to this Memorandum of Understanding. At the same time as each repayment of principal is made by the Central Bank through the FRBNY, accrued and unpaid interest on the amount of principal repaid shall be paid at the rates specified in the respective Separate Agreements. The procedures set out in this sub-paragraph (i) are hereinafter referred to as "Repayment Procedures".

(ii) The Central Bank irrevocably authorises and instructs the FRBNY to debit the Special Funds Account, as defined in paragraph (9) below, in the amounts of each repayment of the Facility, plus interest accrued on such amounts, on the repayment dates specified in paragraph (7) ; provided, however, that, except on or after the Maturity Date, the Special Funds Account shall be debited in repayment of the Facility only on such date or dates that the aggregate amounts of principal, and interest earned thereon, in the Special Funds Account are equal to or greater than U.S. \$ 10 million. Funds deposited into the Special Funds Account that are not immediately applied to repayment of the Facility may be invested, at the request of the Central Bank, in the repurchase agreement pool of the FRBNY, and such investments plus interest earned thereon shall be deemed for purposes of this Memorandum of Understanding to be part of the Special Funds Account. If, on the Maturity Date, the funds in the Special Funds Account are not sufficient to effect full repayment of the Facility including interest, the Central Bank irrevocably authorises and instructs the FRBNY to debit any other account of the Central Bank with the FRBNY and, if necessary, to liquidate investments the FRBNY holds for the Central Bank, and apply such amounts first to the payment of accrued and unpaid interest and then to the payment of outstanding principal by transferring

such amounts to the accounts of the Cooperating Monetary Institutions on the books of the FRBNY in accordance with the Repayment Procedures.

(iii) In the event that any of the Cooperating Monetary Institutions (or any participating member central bank substituted for the BIS) receives a repayment or satisfaction of a claim arising under a Separate Agreement, that part of the amount so received that exceeds the proportionate share of such Cooperating Monetary Institution (or the proportionate share of a participating member central bank substituted for the BIS) as set forth in Schedule A to this Memorandum of Understanding shall be transferred by it to the FRBNY for distribution among the other Cooperating Monetary Institutions in accordance with the Repayment Procedures.

(iv) Repayment in accordance with subparagraphs (i), (ii), and (iii) of this paragraph shall apply under each Separate Agreement, including under the substitution provisions of the agreement between the BIS and participating member central banks for which the BIS is acting.

(9) Instructions on Purchases from the Fund and Disbursements from the IDA and the CDB

(i) As a condition precedent to the drawing under this Facility, the appropriate Guyanese authorities shall give the instructions set forth under subparagraphs (ii), (iii), and (iv) below, which instructions shall not be revoked until the FRBNY certifies on behalf of the Cooperating Monetary Institutions in an authenticated telecommunication to the Central Bank that instructions may be terminated because the Facility has been repaid in full, including interest.

(ii) With respect to the proceeds made available to Guyana from purchases under the Fund Arrangements or any other purchases from the Fund by Guyana, prior to repayment of the Facility in full, including interest, the appropriate Guyanese authorities shall irrevocably instruct the Fund, in the form set forth in Schedule C, to transfer such proceeds directly to the FRBNY for deposit into a special account of the Central Bank at the FRBNY established for this purpose (the "Special Funds Account"), and shall, as

required by the Fund, provide any confirmations of such irrevocable instructions at the time of any purchase under the Fund Arrangements or any other purchases from the Fund by Guyana; and the Central Bank hereby irrevocably authorises and instructs the FRBNY to debit such account and to disburse any funds received into such account in repayment of the Facility in accordance with paragraph (8) above. A copy of the letter of instructions in the form set forth in Schedule C shall be provided to the FRBNY in accordance with paragraph (6)(ii)(b) above as a condition precedent to the drawing under the Facility.

(iii) With respect to the disbursements from the IDA under the IDA Credit, the appropriate Guyanese authorities shall irrevocably instruct the IDA, in the form set forth in Schedule E, to deposit such disbursements into the Special Funds Account. In addition, the Central Bank shall provide to the FRBNY a copy of a letter addressed to Guyana and the Central Bank by the IDA, in the form set forth in Schedule F, in which the IDA (a) takes note that the proceeds of the disbursements by the IDA under the IDA Credit will be applied in repayment of the Facility, (b) confirms that the IDA will carry out instructions by the Guyanese authorities to pay the proceeds of such disbursements to the Special Funds Account, and (c) notes that such instructions may not be terminated until the IDA has received from the Central Bank a copy of a notification from the FRBNY to that effect on behalf of the Cooperating Monetary Institutions. Copies of the letters in the form set forth in Schedules E and F shall be provided to the FRBNY in accordance with paragraphs (6)(ii)(d) above as conditions precedent to the drawing under the Facility.

(iv) With respect to disbursements from the CDB under the CDB Loan, the appropriate Guyanese authorities shall irrevocably instruct the CDB, in the form set forth in Schedule H, to deposit such disbursements into the Special Funds Account. The Central Bank also shall provide to the FRBNY a copy of a letter addressed to Guyana and the Central Bank by the CDB, in the form set forth in Schedule I, in which the CDB (a) takes note that the proceeds of the disbursements by the CDB under the CDB Loan will be applied in repayment of the Facility, (b) confirms that the CDB will carry out instructions by the Guyanese authorities to pay the proceeds of such disbursements to the Special Funds Account, and (c) notes that such

instructions may not be terminated until the CDB has received from the Central Bank a copy of a notification from the FRBNY to that effect on behalf of the Cooperating Monetary Institutions. Copies of the letters in the form set forth in Schedules H and I shall be provided to the FRBNY in accordance with paragraph (6)(ii)(f) above as conditions precedent to the drawing under the Facility.

(v) The Central Bank hereby irrevocably agrees to the use of the funds deposited into the Special Funds Account for repayments provided for in paragraphs (7)(i) and (ii) above and in accordance with the Repayment Procedures. If, after such debit, the Facility, including accrued interest, has not been repaid in full on the Maturity Date, then the Central Bank will deposit into the Special Funds Account sufficient additional funds to repay the Facility in full including interest. If the Facility, including accrued interest, has not been repaid in full on the Maturity Date, the FRBNY is irrevocably authorized and instructed to debit the Special Funds Account and disburse the funds so debited in repayment of the Facility in accordance with paragraph (8) above as and when additional funds are received in the Special Funds Account from the Fund, the IDA, the CDB, or from any other source, and is irrevocably authorized and instructed to debit any other account and liquidate any investments of the Central Bank at the FRBNY in accordance with paragraph (8)(ii) above. After repayment in full of the Facility, including interest, the Facility shall terminate, and only then shall the Central Bank be entitled to draw on funds in the Special Funds Account.

(10) Continuing Effect of the Memorandum of Understanding and the Separate Agreements

(i) The BIS agrees that the substitution agreement between the BIS and its participating member central banks concerning implementation of the Separate Agreement between the BIS and the Central Bank shall provide that, in the event of the substitution of such central banks for the BIS, such central banks shall be bound by the same terms and conditions as are applicable to the BIS under this Memorandum of Understanding.

(ii) The Central Bank agrees that the rights of each of the Cooperating Monetary Institutions or any central bank or monetary authority that may be substituted for them under the Separate Agreements shall continue in effect until such time as the Central Bank has fulfilled all its obligations under such Separate Agreements and under the Memorandum of Understanding.

(11) Authority of the Central Bank

(i) The Central Bank warrants that it has full power and authority to enter into and perform its obligations under this Memorandum of Understanding and the Separate Agreements and has taken all necessary corporate or other actions to authorise the performance of the terms and conditions thereof.

(ii) The Central Bank warrants that Guyana has agreed in writing, in the form set forth in Schedule J, (x) to take whatever actions, and provide any other support, necessary to facilitate the Central Bank's performance under this Memorandum of Understanding and under the Separate Agreements and (y) to take all actions necessary on its part to apply for all purchases under the Fund Arrangements and all disbursements under the IDA Credit and the CDB Loan for which it is eligible. The document in the form set forth in Schedule J shall be provided to the FRBNY in accordance with paragraph (6)(ii)(g) above as a condition precedent to the drawing under the Facility.

(12) Rules Applicable to the FRBNY

In carrying out its functions, the FRBNY shall have the authority to interpret and act under the irrevocable authorisations and instructions received by it hereunder and any notifications or other communications that the parties hereto shall send or transmit to the FRBNY, in such manner as the FRBNY, in its sole judgement, deems reasonable. In making any calculations of drawings and repayments provided for under this Memorandum of Understanding and the Separate Agreements, the FRBNY shall have the authority to make rounding adjustments to any amounts determined on the

basis of the proportionate share of the commitment of each Cooperating Monetary Institution to the total of such commitments in Schedule A so that total drawings and repayments under the Facility equal the commitments of each of the Cooperating Monetary Institutions provided for in Schedule A. No compensation shall be due from the Central Bank for services rendered by the FRBNY under the authorisations and instructions in this Memorandum of Understanding. In carrying out its functions under this Memorandum of Understanding the FRBNY shall be liable only for its failure to exercise reasonable care.

(13) Amendment

This Memorandum of Understanding may be amended by the consent in writing, including consent by authenticated telecommunication, of all the parties to such Memorandum.

(14) Entry into Effect

(i) By transmitting an authenticated telecommunication to the FRBNY containing the word "Loon" and its name, each Cooperating Monetary Institution (a) indicates its consent to the terms of this Memorandum of Understanding and (b) confirms that its Separate Agreement with the Central Bank has been executed.

(ii) By transmitting an authenticated telecommunication to the FRBNY containing the word "Goose" and its name, the Central Bank (a) indicates its consent to the terms of this Memorandum of Understanding, (b) confirms that all of its Separate Agreements with the Cooperating Monetary Institutions have been executed, and (c) irrevocably authorises and instructs the FRBNY to establish the Special Funds Account and to effect repayment of the Facility in accordance with this Memorandum of Understanding.

(iii) All notices referred to in subparagraphs (i) and (ii) of this paragraph shall hereinafter be referred to as the "Notices".

(iv) This Memorandum of Understanding and all of the Separate Agreements shall take effect when the FRBNY advises the Cooperating Monetary Institutions and the Central Bank by authenticated telecommunication that it has received all of the Notices required by this paragraph (14). No message shall be effective to alter the terms of such Notices.

SCHEDULE A
AMOUNTS OF COMMITMENT OF COOPERATING MONETARY INSTITUTIONS

(millions of U.S. dollars)

<u>Bank for International Settlements</u> (acting with the backing of a number of its member central banks)	<u>133.5</u>
<u>Kreditanstalt für Wiederaufbau</u>	<u>12.75</u>
<u>United States Monetary Authorities</u> US Department of the Treasury	<u>31.75</u>
TOTAL.	<u>178</u>

June, 1990

SCHEDULE B

LETTER OF THE MANAGING DIRECTOR OF THE
INTERNATIONAL MONETARY FUND TO
THE COOPERATING MONETARY INSTITUTIONS

[Date]

Dear Sirs:

I wish to inform you that the staff has reached understandings with the Minister of Finance of Guyana and the Governor of the Bank of Guyana on a Memorandum of Economic and Financial Policies of Guyana consistent with the thrust of the Policy Framework Paper which describes the policies that Guyana will pursue during 1990-92. The authorities have also indicated that they are requesting on behalf of Guyana that the Fund grant a three-year arrangement under the Enhanced Structural Adjustment Facility equivalent to SDR 81.5 million and the first annual arrangement thereunder, in an amount equal to SDR 46.1 million, and a Stand-By Arrangement in an amount equivalent to SDR 49.5 million for a period of twelve months, in support of the objectives and policies stated in the Memorandum. It is intended that this request would be considered by the Executive Board, on the basis of my recommendation, on or about July 16, 1990, subject to the clearance of overdue financial obligations to the Fund. Disbursements upon approval by the Executive Board under these two arrangements would total SDR 76.9 million and are expected to take place on or about July 31, 1990.

Given the performance by Guyana under the program for 1989, and its objectives and policies for 1990-92 as set forth in the Memorandum, I am prepared to recommend that the Executive Board approve the requested arrangements from the Fund after the termination by the Executive Board of the declaration of ineligibility of Guyana to use the Fund's general resources which is expected to take place following the settlement by Guyana of its overdue financial obligations to the Fund.

I would also like to inform you that, on the basis of information made available by the Chairman of the Support Group for Guyana, bilateral contributions toward clearing the arrears to the Fund, World Bank, and Caribbean Development Bank are readily available for payments to these three institutions. Moreover, the Chairman of the Support Group for Guyana has confirmed (a) that all proceeds from such bilateral contributions, totalling approximately U.S. dollars 48.8 million, are on deposit in the Administered Account - Guyana with the International Monetary Fund and (b) that the instructions to the Fund will specify that all such proceeds will be disbursed at the same time as disbursements under a multilateral bridging

facility being provided to the Central Bank of Guyana by the Bank for International Settlements, the U.S. Department of the Treasury, and the Kreditanstalt für Wiederaufbau and (c) that all of these resources taken together will be sufficient to clear fully Guyana's arrears to these three institutions.

Sincerely,

Michel Camdessus
Chairman of the Executive Board
and
Managing Director

SCHEDULE C

FORM OF IRREVOCABLE INSTRUCTIONS TO
THE INTERNATIONAL MONETARY FUND

[Date]

The Treasurer's Department
International Monetary Fund
Washington, DC 20431

Re: Fund Arrangements and Other Sources of IMF Financing for Guyana

Dear Sirs:

The Government of Guyana ("Guyana") hereby authorizes and instructs the International Monetary Fund (the "IMF") to arrange on Guyana's behalf that the proceeds of all purchases made by Guyana under the Stand-by Arrangement and all disbursements to Guyana under the Enhanced Structural Adjustment Facility (the "Fund Arrangements") and of any other purchases by Guyana or disbursements to Guyana from the IMF, be either provided in, or converted into, U.S. dollars, and deposited into the Special Funds Account (the "Special Funds Account") of the Bank of Guyana (the "Central Bank") with the Federal Reserve Bank of New York (the "FRBNY").

For your information, the Central Bank has separately given the FRBNY an irrevocable instruction that all of the funds deposited in the Special Funds Account will be used to repay the drawing made by the Central Bank under a short-term credit facility (the "Facility") that the Bank for International Settlements, acting for certain member central banks, the United States Department of the Treasury, and the Kreditanstalt für Wiederaufbau (the "Cooperating Monetary Institutions") have agreed to establish for the purpose of providing near-term support for the international reserves of Guyana. The aggregate amount of the drawing by the Central Bank under the Facility may amount to as much as U.S. dollars 178 million. The Central Bank has committed to the Cooperating Monetary Institutions that the instructions to the IMF shall not be revoked or modified by the Central Bank, Guyana, or any other Guyanese institution until the Facility is repaid in full, including accrued and unpaid interest, and the IMF has received from the Central Bank a copy of a notification by the FRBNY to the Central Bank to that effect.

Guyana and the Central Bank have agreed to provide any confirmations of such instructions contained herein as are required by the IMF at the time of any purchases or disbursements from the IMF which are referred to herein.

The Central Bank acknowledges that your action on this request and authorization will be taken in conformity with the relevant provisions of the Fund Arrangements or any other facility or arrangement made available to Guyana from the IMF, and confirms that such action shall not be construed in any way as a waiver of any right which the IMF may have under the Fund Arrangements or under any other facility or arrangement from the IMF made available to Guyana.

The Central Bank is providing a copy of the executed original of this letter to the FRBNY.

Sincerely yours,

For the Government of Guyana

By _____

For the Bank of Guyana

By _____

June __, 1990

LETTER FROM THE WORLD BANK TO THE
COOPERATING MONETARY INSTITUTIONS

[Date]

Bank for International Settlements
Basel, Switzerland

Dear Sirs:

I am writing to confirm that documents regarding the proposed Structural Adjustment Credit (the Credit) from the International Development Association (the Association) to Guyana in an amount equivalent to approximately U.S. \$78 million have been circulated to the Executive Directors of the Association for consideration and approval shortly. Consideration of the Credit by the Executive Directors is tentatively scheduled for the end of June 1990. Consideration of the Credit would be delayed, however, if overdue loan service payments to the International Bank for Reconstruction and Development and the Association from Guyana, totalling about U.S. \$ million equivalent, are not paid by June , 1990.

Guyana has informed the Association that, if the Credit is approved by the Executive Directors, it expects to submit withdrawal applications for proceeds under the Credit in an aggregate amount equivalent to approximately U.S. \$50 million requesting reimbursement for import invoices so as to enable Guyana to withdraw the first tranche of the Credit in such amount on or before August 25, 1990. Guyana's expectation appears to be reasonable, subject to the approval of the Credit by the Executive Directors, satisfaction of all conditions precedent for the effectiveness and disbursement of such proceeds, and submission in a timely manner by Guyana of all documentation required by the Development Credit Agreement for withdrawal of such proceeds.

The statements contained in this letter are not to be construed as a waiver of any rights which the Association may have under the Development Credit Agreement relating to the Credit or under the World Bank's General Conditions Applicable to Development Credit Agreements.

Sincerely,

FORM OF INTERNATIONAL DEVELOPMENT ASSOCIATION
IRREVOCABLE INSTRUCTIONS

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433

Attention: Director, Country Department III
Latin America and the Caribbean Regional Office

Re: Loan Disbursements

Dear Sirs:

We refer to the proposed Structural Adjustment Credit (the "Credit") to Guyana from the International Development Association (the "Association"). Guyana hereby instructs the Association to deposit in the Special Funds Account (the "Special Funds Account") of the Bank of Guyana (the "Central Bank") at the Federal Reserve Bank of New York (the "FRBNY") all of the proceeds of withdrawals under the first tranche of the proposed Credit that are made or may be made by the Association to us for reimbursement of expenditures incurred during the execution of the program supported under the Credit, if and when the Credit is approved and we become entitled to any such withdrawals under the terms and conditions of the Credit, subject to the following:

(a) This instruction is applicable to proceeds of withdrawal applications under the Credit approved by the Association after the date of this letter until receipt by the Association of the notification referred to in paragraph (c) below.

(b) Deposits in the Special Funds Account shall be made in United States dollars. For this purpose, the Association is hereby instructed to use the proceeds of any such withdrawals under the Credit to purchase dollars under such terms and conditions as the Association shall determine.

(c) Guyana and the Central Bank of Guyana (the "Central Bank") have agreed with the Bank for International Settlements, acting for certain member central banks, the United States Department of the Treasury, and the Kreditanstalt für Wiederaufbau ("Cooperating Monetary Institutions"), that this instruction, which has as its objective putting in place administrative arrangements to provide for the fulfillment of the obligations of Guyana under an agreement with the Cooperating Monetary Institutions, shall be irrevocable until the Association receives from the Central Bank a copy

of the notification from the FRBNY to the Central Bank to the effect that the instruction to make deposits to the Special Funds Account may be terminated.

We are not aware of any third party claims upon the proceeds of the Credit to be deposited in the Special Funds Account.

We acknowledge that your action on this instruction will be taken in conformity with the relevant provisions of the Development Credit Agreement for the proposed Credit and that such action shall not be construed in any way which the Association may have under such Agreement or under the Association's General Conditions Applicable to Development Credit Agreements.

We are providing a copy of this letter and your reply to the FRBNY.

Sincerely yours,

Carl B. Greenidge, M.P.
Minister of Finance
Guyana

Confirmation by the
Bank of Guyana:

SCHEDULE F

FORM OF INTERNATIONAL DEVELOPMENT ASSOCIATION
CONFIRMATION OF IRREVOCABLE INSTRUCTIONS

Minister of Finance of
the Government of Guyana

President of the
Bank of Guyana

Dear Sirs,

(1) This letter acknowledges receipt of the instruction, which is in the form attached as Appendix I, from Guyana to pay proceeds of withdrawals that are made or may be made to Guyana from the International Development Association (the "Association") under the first tranche of the proposed Second Structural Adjustment Credit (the "Credit"), as to which Guyana is the borrower, for the reimbursement of expenditures incurred during the execution of the program supported under the Credit to the Special Funds Account (the "Special Funds Account") of the Bank of Guyana (the "Central Bank") established for this purpose at the Federal Reserve Bank of New York (the "FRBNY").

(2) We hereby confirm that the Association will carry out the disbursement instruction referred to in paragraph (1) above, subject to approval of the Credit by the Association's Executive Directors and prior receipt of all necessary documentation and evidence under the Credit that withdrawal requirements have been fully complied with. In this connection, we have been informed that the Central Bank and the Government of Guyana have agreed with the Bank for International Settlements, acting for certain member central banks, the United States Department of the Treasury, and the Kreditanstalt für Wiederaufbau that the foregoing instruction shall be irrevocable until the Association receives from the Central Bank a copy of a notification from the FRBNY to the Central Bank to the effect that the instruction to make deposits to the Special Funds Account may be terminated.

(3) Our action on this instruction will be taken in conformity with the relevant provisions of the Development Credit Agreement for the proposed Credit and shall not be construed in any way as a waiver of any right which the Association may have under such agreement or under the Association's General Conditions Applicable to Development Credit Agreements.

(4) The Association is not aware of any third party claims by suppliers and contractors upon the proceeds of the Credit that are to be deposited in the Special Funds Account.

Sincerely yours,

Ping-Cheung Loh
Director, Country Department III
Latin America and the Caribbean Regional Office

SCHEDULE G

CARIBBEAN DEVELOPMENT BANK LETTER

[Date]

Bank for International Settlements
U.S. Department of the Treasury

Dear Sir:

I am pleased to inform you that the Board of Directors of the Caribbean Development Bank (CDB) has approved a loan to the Government of the Co-operative Republic of Guyana (the Government) of an amount not exceeding the equivalent of U.S. \$42,000,000 (the Loan) to assist the Government in financing its economic recovery programme on various terms and conditions.

It is expected that subject to certain terms and conditions the first disbursements under such Loan shall be for an aggregate amount not exceeding U.S. \$30 million, shall be made no later than September 20, 1990, and shall not include deductions by the CDB for debt service.

Yours sincerely,

F.A.R. Mullins
Vice-President (Corporate
Services) and Bank Secretary

SCHEDULE H

FORM OF CARIBBEAN DEVELOPMENT BANK IRREVOCABLE INSTRUCTIONS

Caribbean Development Bank
P.O. Box 408
Wilkey, St. Michael, Barbados

Attention: Mr. N. L. Grainger, Treasurer and Controller

Dear Sirs:

We refer to the Economic Recovery Program Loan (the "Loan") from the Caribbean Development Bank (the "CDB") to the Government of the Co-operative Republic of Guyana ("Guyana"). Guyana hereby irrevocably instructs the CDB to deposit the proceeds of disbursements not exceeding in the aggregate the equivalent of U.S. \$30 million to which Guyana may be entitled under the Loan to an account of the Bank of Guyana (the "Central Bank") with the Federal Reserve Bank of New York (the "FRBNY") known as the Special Funds Account subject to the following:

(a) Deposits in the Special Funds Account shall be made in United States dollars. For this purpose, the CDB is hereby instructed to use the proceeds under the Loan to purchase United States dollars under the terms and conditions as the CDB shall determine.

(b) The Central Bank and Guyana have agreed with the Bank for International Settlements, acting for certain member central banks, the United States Department of the Treasury, and the Kreditanstalt für Wiederaufbau (the "Cooperating Monetary Institutions"), that this instruction, which has as its objective putting in place administrative arrangements to provide for the fulfillment of the obligations of the Central Bank and the Government of Guyana under an agreement with the Cooperating Monetary Institutions, shall be irrevocable until the CDB receives from the Central Bank a copy of the notification from the FRBNY to the Central Bank to the effect that the instruction to make deposits to the Special Funds Account may be terminated.

We are not aware of any third party claims upon the proceeds of disbursements under the Loan to be deposited in the Special Funds Account.

We are providing copies of our letter to you and your reply to the FRBNY.

Sincerely yours,

SCHEDULE I

FORM OF CARIBBEAN DEVELOPMENT BANK CONFIRMATION
OF IRREVOCABLE INSTRUCTIONS

Minister of Finance of
the Government of Guyana

Governor of the
Bank of Guyana

Dear Sirs:

(1) This letter acknowledges receipt of the irrevocable instruction, which is in the form attached as Appendix I, from the Co-operative Republic of Guyana ("Guyana") to pay the proceeds of disbursements not exceeding in the aggregate the equivalent of U.S. \$30 million to which Guyana may be entitled under the loan ("the Loan") from the Caribbean Development Bank (the "CDB") to an account (the "Special Funds Account") of the Bank of Guyana (the "Central Bank") established for this purpose at the Federal Reserve Bank of New York (the "FRBNY").

(2) We hereby confirm that the CDB will carry out the disbursement instruction referred to in paragraph (1). In this connection, we have been informed that the Central Bank and Guyana have agreed with the Bank for International Settlements, acting for certain member central banks, the United States Department of the Treasury, and the Kreditanstalt für Wiederaufbau that the foregoing instructions shall be irrevocable until the CDB receives from the Central Bank a copy of a notification from the FRBNY to the Central Bank to the effect that the instruction to make deposits to the Special Funds Account may be terminated.

(3) The CDB is not aware of any third party claims by suppliers and contractors upon the proceeds of disbursements under the Loan that are to be deposited in the Special Funds Account.

Sincerely yours,

Caribbean Development Bank

SCHEDULE J

LETTER FROM THE CO-OPERATIVE REPUBLIC OF GUYANA
TO THE CENTRAL BANK

[Date]

Bank of Guyana

Dear Sirs:

We refer to the Memorandum of Understanding dated June __, 1990, (the "Memorandum of Understanding"), among the Bank of Guyana (the "Central Bank") and the Cooperating Monetary Institutions, and the Separate Agreements (the "Separate Agreements") under which the Cooperating Monetary Institutions have agreed to provide near-term support for the economic adjustment efforts of the Co-operative Republic of Guyana in the aggregate amount of U.S. \$178 million. Pursuant to paragraph (11)(ii) of the Memorandum of Understanding, we hereby warrant that Guyana has agreed to take all actions, and to provide any other support necessary to facilitate the Central Bank's performance under the Memorandum of Understanding and each of the Separate Agreements. We also hereby warrant that Guyana will take all actions necessary on its part to apply for all purchases or disbursements for which it is eligible (i) under the Stand-by Arrangement, the ESAF Arrangement and under any other arrangement with the International Monetary Fund, (ii) under the expected International Development Association Structural Adjustment Credit, and (iii) under the expected Economic Recovery Programme Loan to be provided by the Caribbean Development Bank.

Sincerely,

CO-OPERATIVE REPUBLIC OF GUYANA

By _____